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UN Preparatory Session on Economic Problems

The second meeting of the committee preparing for the UN's Special Session in September on economic cooperation and development will reconvene in New York on Monday and is scheduled to run for two weeks. The developing countries take the position that the success of the preparatory meeting hinges on the developed countries; the latter, in turn, look to the US to provide leadership.

The developing countries have already listed their priority issues for the fall session and they argue it is incumbent on the developed states to accept or reject the proposed agenda. Unless the developed countries are prepared to begin to present specific topics for consideration at the fall session, the developing countries say there is no point in having a preparatory committee meeting.

Failure to nail down guidelines for the session in preparatory meetings of the developed and developing countries will leave the way open for the more radical developing states to assume control of the session by shaping an agenda more to their liking at the nonaligned conference in Lima later this summer.

The list of topics proposed by the developing states repeats the basic demands for a "better economic deal" that they have presented at every major UN economic or development related meeting since the last Special Session in the spring of 1974. At that time the developing countries succeeded in passing the so-called New International Economic

Order and in December, they pushed through the General Assembly the Charter of Economic Rights and Duties of States--both of these documents were strongly opposed by the major industrialized states.

The developing countries believe these documents provide the basis for negotiations at the Special Session. They have not insisted that the developed countries, however, explicitly recognize the validity of the claims contained in these documents, and this probably signals their intention to work toward a constructive session.

a constructive session.

One of the primary concerns of the developing countries is to stabilize their income from exports of primary commodities to developed countries. Indexation—establishing an automatic link between the price of their exports and the cost of their manufactured imports from developed countries—has been the term generally applied to this demand, but there are signs that the developing countries are not incontrovertibly wedded to this formula. There has, for example, been considerable interest

by the developing countries in generalizing the recently negotiated "Stabex" scheme agreed to by the EC and 46 developing states under the Lome Convention. Under this arrangement, the EC will guarantee the earnings of developing states for certain of their raw material exports.

A major point of contention between the developing and developed countries has been the call by the poor states for an "automatic" transfer of resources from the developed world. The developed countries hope that some degree of realism may be injected into this debate during preparatory sessions. There are indications that at least some of the developing countries would be pleased to consider any kind of formula that would stabilize the amount of aid they receive so they can plan their own development on a more fiscally sound basis.

No matter how vaguely framed many of the developing country demands remain, the developing states believe that it is now up to the developed countries to contribute to making a genuine dialogue out of the Special Session's preparations.

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The developed countries have welcomed the US offer to discuss raw materials and development issues in relation to a resumed conference of energy producers and consumers. Most of the Europeans feel that this proposal and the new US willingness to discuss commodity arrangements with developing states has helped to improve relations between the developed and developing countries. Specific US suggestions, they caution, are needed for the new mood to endure.

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New Greek President to be Elected Next Week

The Greek parliament will elect a new president of the republic next Thursday under the country's new constitution. The three candidates are Konstantinos Papakonstantinou, president of the parliament, Konstantinos Tsatsos, a deputy and former minister, and Michael Stassinopoulos, the incumbent. All three are loyal supporters of Prime Minister Karamanlis and can be expected to step down should Karamanlis move up to the presidency at a later date. The opposition has charged that Karamanlis intends to spend the next two years solidifying his political base and then plans to seek the presidency.

Karamanlis' decision not to assume the presidency at this time probably reflects, at least in part, his fear that competition and controversy over the choice of a successor as prime minister might create open rebellion and possibly a split in his heterogenous New Democracy party. New Democracy is an amalgam of competing factions and interest groups and the danger of a split between conservative and more progressive factions has always been a possibility. Karamanlis may also want to prevent a rival power faction from coalescing around a prime minister, who might be viewed as his logical successor.

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New Democracy's strength in parliament should assure the election of the	25X1
candidate most acceptable to Karamanlis.	

General Strike Begins in Iceland Despite New Accord

Labor unions in Iceland began a general strike yesterday, despite reports that an agreement between the unions and employers had already been reached.

The accord specifies that individual unions throughout Iceland belonging to the Icelandic Federation of Labor accept the terms of the new wage settlement. Local meetings are being held today to discuss the terms of the agreement.

The dispute began in March when the IFL issued a general strike threat because contract negotiations were making little progress. A temporary agreement, which expired on June 1, delayed the strike temporarily but the threat was renewed for June 11.

Individual unions are expected to approve the new agreement, and the general strike is likely to be shortlived. Although specific terms of the new accord are not yet available, labor had been pushing for a 38 or 39 percent wage hike and restoration of wage index link. The government maintained that labor's demands would be disastrous for the economy.

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Finnish President Appoints Non-Political Government

Finnish President Kekkonen appointed a 17 member non-political or "expert" government today to relieve Prime Minister Sorsa's interim government which has been serving in a caretaker capacity since June 4.

Kekkonen named Keijo Liinamaa, a high ranking labor ministry official and member of the Social Democratic Party, to be prime minister. Helsinki mayor Aura, who was considered the front runner until recently, reportedly declined Kekkonen's According to the Embassy in Helsinki, offer. Liinamaa is primarily a career civil servant although he has been active in Social Democratic Party politics. He is primarily known for his role as the chief government mediator in general wage and incomes policy negotiations. Liinamaa's appointment suggests that Kekkonen particularly wanted someone with economic expertise. The Finnish economic situation is worsening and preparation of next year's budget will be tasked to the Liinamaa government.

The new Foreign Minister, Olavi Johannes Mattila, will have an important role if the European security conference summit is held this summer or fall. Mattila is considered to be the leading architect of Finland's foreign trade policies. He has held important positions in several government ministries.

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until the elec	tions which wil	l take place	September
21 and 22.			

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Spanish Prime Minister Faces Dilemma in Filling Key Cabinet Post

Prime Minister Arias' choice to fill a key cabinet vacancy may provide some clues to the priority currently assigned to his program for liberalizing the Franco regime. The post of Minister-Secretary General of the National Movement had been held by Fernando Herrero Tejedor, an advocate of gradual change, who died in a traffic accident on June 12. The position is important because the National Movement is charged with approving applications from political groups desiring to receive legal status under Arias' decree permitting political associations -a key measure in his program to encourage popular participation in the system. Arias has been under considerable pressure from the far right to suppress dissenting groups that might apply for association status, and the appointment of a moderate secretary general would signal that Arias intends to press ahead with his program.

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Paris Printers' Strike Threatens Government-Labor Confrontation

Rising tension in the bitter dispute between leftist trade unions and the right-wing owner of one of Paris' largest newspapers now threatens to involve the government in a head-on confrontation with the strikers.

Last night thousands of workers in Paris and in French provincial towns, demonstrated in support of the striking printers, and protested in general against layoffs, plant closings, and employers' use of private "militias." The demonstrations followed marches last week in which more than 10,000 workers took to the streets of Paris in favor of the printers' strike.

The labor unrest has its roots in France's deepening economic troubles. Recent opinion polls show unemployment--now at its highest since World War II--has become the public's primary concern. Several labor unions striking for higher wages or protesting firings have conducted sit-ins in plants and some have been evicted by employers, allegedly with the assistance of private detectives and police dogs.

Most serious of the current disturbances is the simmering labor dispute between the printers' union of the powerful Communist-dominated General Confederation of Labor and the conservative daily newspaper, Le Parisien Libere. The strike at Le Parisien Libere began on May 5 when the paper's owner, Emilien Amaury, announced that economic conditions—his newspaper,

like most others in Paris, is now running in the red--required the laying off of some 200 of the 1,280 printers. Unions leaders claimed that Amaury's real purpose was to break the strength of the printers' union which controls the print shops of all Parisian newspapers.

Last Wednesday, the striking printers, who have occupied the Paris plant of Le Parisien Libere since early May, defied a court order to evacuate by noon. The court order has bounced the ball squarely into the government's court. It has been President Giscard's policy to back up such rulings, but so far the ministry of the interior has not sent in police to remove the printers who have barricaded themselves in the building behind tons of newsprint.

The two largest trade union confederations in France--the General Confederation of Labor and the radical leftist French Democratic Confederation of Labor--issued a warning that any attempt to dislodge the printers by force would meet with a "nationwide labor retaliation." On Wednesday evening the Paris Police Union, which represents a minority of the Paris police, expressed solidarity with the strikers and said it hoped that there would be no confrontation. The Police Union is linked to the parent-union of the printers, the General Confederation of Labor.

Amaury has vowed never to yield to the printers' union which he calls a dangerous monopoly. He first tried to circumvent the strikers by having the paper printed in Belgium, but ran into difficulty with Belgian trade unions who sympathized with the Parisian printers and with French postal workers who refused to deliver the paper. He has since resorted to having the paper printed at Chartres where the printing union is dominated by the more moderate Workers Force confederation.

Louis Bergeron, the head of the Workers Force, has been violently denounced by the two leftist trade union confederations for allowing his printers to produce the paper. This morning a bomb went off in front of his home in Paris. Another explosion at dawn severely injured the news editor of Agence France Press. Police link both bombings to the strike at Le Parisien Libere, speculating in the latter case that the AFP editor was mistaken for the news editor of Le Parisien Libere who has the same name and is considered a hardline opponent of the striking printers. Spokesmen for the two leftist trade union confederations immediately condemned the bombings, saying that the blasts may have been set by their enemies in a deliberate attempt to arouse public anger against them.

The printers' union strike in Paris has inevitably drawn comparisons with the closing down of the Portuguese Socialist newspaper Republica after a dispute with its Communistdominated printers union over the publication of anti-Communist articles. The Portuguese dispute has recently caused a renewal of friction between the French Socialist and Communist parties, centered around the question of whether freedom of the press is possible under a government in which Communists participate. The editor of Le Figaro, the respected standard bearer of the liberal bourgeoisie, admitted in a radio interview that the General Confederation of Labor is exercising what amounts to censorship over newspapers reporting on the Parisien Libere Amaury, also speaking on a radio broadaffair. cast, said he had reached a point where he could no longer print what he wanted to say because of the dominance of the Communist printers. Significantly, no other Paris paper has been able to publish an article critical of the CGT printers union. The union refuses to print an unfavorable article without equal space being given to its own point of view.

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Italian Election Campaign Concludes

Now that the election campaign has concluded, Italians tomorrow mark the traditional one-day "pause for reflection" prior to going to the polls on Sunday and Monday. Although voters will be choosing only regional provincial, and municipal officials, the elections are still seen in Italy as a test of where the country is going politically.

The overriding issue in the campaign has been whether the country should continue to be governed by a center-left coalition with the same political complexion as the ten coalitions that have been put together since the formula was inaugurated in 1963. In all of those, as in the preceding centrist governments, the Christian Democrats—as Italy's largest party—have exercised far greater influence than their partners, the Socialists, Social Democrats, and Republicans.

The center-left alliance has never been a tranquil one. The tensions that have surfaced in this campaign, however, are of more than average importance, because the coalition—which remains the only feasible alternative to Communist participation—has been in serious trouble since the late 1960s. Its most difficult moment came in 1972 when the Socialists returned to the opposition for a year following divisive national elections. Although revived in 1973, the alliance has never regained its original momentum, in part because of the Socialists' ambition to exert greater influence within the center-left framework.

The entire Socialist campaign has been aimed at achieving that objective. The essence of what

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they are trying to do is captured by two posters that they have used widely; one tells the voters that "Italy is changing but the Christian Democrats are not" and the other asserts that a vote for the Socialists is the only vote on the left that will "really bother" the Christian Democrats. Their message is simply that the only way the voter can ensure social and economic progress is to give the Socialists enough leverage to force the Christian Democratic party to change its ways.

This approach has angered most Christian Democrats and reinforced their traditional tendency to set aside internal differences at election time. They counter-attacked with a vigorous campaign that:

- --claimed credit for postwar Italy's transformation into an industrialized society;
- --called for a return to the original centerleft concept rather than a new "preferential" relationship with the Socialists;
- --criticized the Socialists for running joint slates with the Communists in more localities than ever before;
- --sought to offset expected Socialist gains by appealing for increased support from conservative voters with such themes as law-and-order and anti-communism.

The Communists have also hit hard at Christian Democratic dominance of the government, with a well-organized campaign that has stressed the Communist claim to administer efficiently and without corruption the localities where they hold the balance of power. The Communists, however, have rejected the Socialist claim that the center-left coalition can be rejuvenated merely by increasing Socialist weight in it. Communist Chief Berlinguer argues

that, even if the Socialists do acquire more governmental influence, they will still need Communist cooperation in parliament to achieve their aims. Berlinguer, of course, has carried that theme one step further, maintaining that the country's problems will remain insolvable until his party is brought directly into the decision—making process.

Political leaders will be paying particular attention to how the balance is affected in certain key areas. There is a possibility, for example, that the "red belt" -- the three north central regions where the Communists predominate but share power with the Socialists -- could grow, since the two parties stand a chance of gaining a slim majority in at least one neighboring region. Among the major cities, Venice is of particular concern, because Communist gains may make their participation necessary in the formation of a municipal government. In the northeastern region of Veneto, long a Christian Democratic stronghold, small shifts away from the party could deprive it of the absolute majorities enjoyed for years in many localities.

It is the overall averages, however, that will probably have the greatest impact on the national political scene. On the eve of the election, there is a widespread feeling that the Christian Democrats will hold their losses to under three percent, while the Socialists and Communists are expected to register only moderate gains. This would probably postpone a government crisis until the fall and encourage the Socialists to moderate their demands.

There is considerable uncertainty about these predictions, based in part on the belief that the Christian Democrats will recapture some of their supporters who defected to the right in the last few years. That is probably a safe assumption,

but the Christian Democrats are also counting on the fact that Italian voting patterns have traditionally been among the slowest to change in Western Europe. Pressures for change have been building in Italian society, however, especially in the three years since elections were last held nationwide. The major question that will be answered on Sunday and Monday is the extent to which these pressures will be reflected in the way Italians cast their votes.

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